

2017 PSSP Review

Independent Reviewer's Recommendations summary

Benefits and Eligibility, Funding Policy, and Actuarial Assumptions

In response to member and stakeholder input, and in consideration of its own assessment of the Plan and its context, the Independent Reviewer recommends the undertaking of certain actuarial assessments and studies. These include: a detailed risk assessment; modelling work to determine how identified risks might impact on the Plan's funded status and future capacity to pay benefits and indexing; and assessment of the effect of amended CPP benefits and contribution rates on Plan employers and employees, and consideration of what, if any, consequential changes to the Plan might be made. Without the benefit of such further work, it was not appropriate for the Independent Reviewer to offer specific comments or recommendations on Plan aspects relating to benefits and eligibility, funding policy, and actuarial assumptions.

The Trustee is intending to proceed with this 'next phase' work. The Trustee will then need to weigh the findings, consider attendant risks and benefits, and formulate its own recommendations, if any, to put forward.

This work regarding benefits and eligibility, funding policy, and actuarial assumptions is substantial, and anticipated to take approximately 12-18 months.

Governance

A number of the Independent Reviewer's recommendations relate to Trustee Board composition (including employer/employee representativeness, and the possibility of including some independent 'professional' directors), the director appointment process, term length, staggering terms, and director compensation.

The internal working group will consider these recommendations and bring options to the full Board for its consideration. The targeted timing for this is end of 2017.

Strategic Considerations

The Report puts considerable emphasis on several strategic recommendations, including the need to continue expanding "the Plan membership and contributor base", consideration of building a 'tier two' level of participation into the Plan, and looking to change the name of the Plan to assist it in its "new and reinvigorated role in the pension landscape in Nova Scotia."

The Trustee is committed to continued growth and is actively pursuing opportunities. The Trustee's current focus in this regard is in Nova Scotia's university and municipal sectors.

The Trustee will consider the Independent Reviewer's other strategic recommendations in due course.

Plan Text Updates and 'Housekeeping' Matters

The Report identifies a number of terms in the Plan's legislative framework that are in need of updating and adjustment. Due to the evolution of the Plan, certain provisions in the legislation are now dated, inapplicable or redundant.

The Report also suggests that a full re-write of the *Public Service Superannuation Plan Regulations* (Regulations) "may be useful to clarify the drafting" and also to "support further expansion of the Plan membership." The Report further states that consideration should be given to taking the Plan text out of the Regulations and moving it into an "appropriate sponsors' agreement."

The Trustee agrees that, while not urgent, the Plan's legislative framework would benefit from updating and adjustment. The Trustee is beginning this work, with attention to both the *Act* and the Regulations.

The Trustee also agrees that both a full re-write of the Regulations, and the eventual transfer of the Plan text out of the Regulations and into a stand-alone Plan document, would be prudent and valuable steps toward making the Plan better understood and more accessible. Undertaking such work will be considered by the Trustee over a longer time horizon as it continues to manage resource pressures.

The Trustee will continue to keep members and stakeholders apprised of its progress as it studies the Report and the Independent Reviewer's recommendations, and the findings of follow-up actuarial assessments, and as it moves on implementing Report recommendations.